



Could This Cannabis Stock Make an Unlikely Comeback in 2020?

Description

It's been a wild year for pot stocks, as the industry's seen significant turnover and a whole lot of turmoil in just the past 12 months.

Aurora Cannabis Inc ([TSX:ACB](#))(NYSE:ACB), in particular, has been making the headlines in recent weeks, as it not only announced layoffs, but also announced that CEO Terry Booth was resigning.

The company also forecast "modest to no growth" in its most recent earnings report, which is surprising given that the cannabis 2.0 market has just opened for business in Canada.

In light of those developments, it's not all that shocking to see that the stock is now currently trading around its 52-week lows and that as of February 14 it had lost more than 70% of its share price over the past six months.

Aurora is going to have a hard time recovering in 2020, but all it takes in the cannabis industry is one big development and one good earnings report to bounce back. Unfortunately, investors know that's a lot easier said than done when it comes to pot stocks.

More upside than Aurora?

One cannabis stock that has the potential to make a big comeback this year with even more potential upside is **CannTrust Holdings Inc** ([TSX:TRST](#))(NYSE:CTST).

The company recently announced that it would be promoting CFO Greg Guyatt to the role of CEO, replacing Robert Marcovitch. CannTrust has also submitted remediation plans to Health Canada, as it hopes to get its licence reinstated. Last year, the company's licence to grow and sell marijuana was suspended on news of [illegal growing operations](#) at multiple sites.

Its stock has taken a beating, falling from more than \$13 a share to struggling to stay above the \$1 mark. However, one thing that can change that is if the company's licence gets reinstated.

For one thing, it would allow CannTrust to actually resume its operations and sell pot. Right now, the company is in a holding pattern as it continues to wait for Health Canada's decision.

The good news for investors is that CannTrust had \$167 million in cash at the end of January. With reduced staff and limited activity, it could ironically be in better shape than other cannabis companies that are burning through cash as a result of their operations. But that means little if the company won't be able to begin operating again.

How likely is a reinstatement?

There aren't enough cases involving cannabis companies running into trouble with Health Canada to be able to determine the likelihood of CannTrust getting its licence back.

But there is some hope given that a cannabis producer in Winnipeg got its licence [reinstated](#) last year after being found to be selling illegal products.

It took the company nearly a year for that to happen, and while Health Canada won't give a date as to when it will make a decision on CannTrust, if we follow a similar time frame, then we may know the company's fate by the summer.

Bottom line

If CannTrust gets its licence back, shares could double, even triple from where they are today. But that's also a big if and by no means is it a guarantee.

Investors who buy shares of CannTrust are effectively betting on Health Canada's decision as it will single-handedly make or break the stock this year, but it could make for one heck of a comeback if CannTrust gets the news that it's hoping for this year.

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